

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Rulemaking, Pursuant to)

G.L.c. 164, and c. 25, to)

Establish Rules Regarding) D.T.E. 92-32-E

The Unbundling of Services)

Related to the Provision)

Of Natural Gas)

The Associated Industries of Massachusetts ("A.I.M.") hereby submits its Comments regarding establishing rules governing the unbundling of services related to the provision of natural gas. Generally, A.I.M. believes that the proposed regulations will provide adequate protections for customers. These proposed regulations are comparable, in part, to the electric industry regulations but differ from such regulations where differences in the natural gas industry require such distinctions.

However, there is one area in which the proposed regulations are not comparable to the electric industry regulations and could result in harm to small commercial and industrial ("C&I") customers. Section 1304 (4)(d) of the proposed regulations, which provides for a rescission period, does not adequately protect small C&I customers in all service territories.

The insertion of a rescission right in the Electric Industry Restructuring Act and later Department regulations was to give customers, who had never purchased electricity from a competitive supplier, the ability to change their minds. The Legislature understood that choosing a supplier for electricity, which is considered a necessary commodity, is a very serious decision, as in choosing a gas supplier. The Legislature believed that a customer with no experience in such an important transaction should have the ability to rescind his or her affirmative choice of a supplier.

Circumstances are somewhat different in the natural gas industry. There are many large and medium sized C&I customers who have been purchasing natural gas from suppliers for many years and could therefore easily use the right to rescind as a way to game the system and cause a supplier, who has locked in the supply for such customers, serious

financial harm. This was why a threshold amount for C&I customers was proposed. In short, not all gas customers require such protection.

During the collaborative process, the customer group requested that the LDC's provide information regarding the size of C&I customers who have not had experience in the competitive marketplace and would, therefore, need the protection that the right to rescind would provide. We were told by Counsel for the LDC's that for all service territories, except Boston Gas, a 5000 therm threshold would protect small C&I customers. However, in the Boston Gas' service territory, a threshold of 7000 therms would protect similarly situated small C&I customers. Apparently, due to the tariff structure of Boston Gas, these C&I customers have larger volume thresholds than similar customers in other service territories. This size difference creates a serious problem related to the effects of the proposed regulations. ⁽¹⁾

If this is in fact correct, small C&I customers in the Boston Gas service territory would not have the same protections as other similarly situated customers. This is not only unfair but contrary to the Legislature's intent when it drafted the right to rescind provision.

The Department should assure that all customers are treated fairly and equitably. If the threshold is not raised to 7000 therms, then small C&I customers will lose their right to rescind, a right which the Legislature intended that these new, inexperienced customers be provided.

In conclusion, A.I.M. requests that the threshold be raised to 7000 therms. The Department may request that the LDC's supply this information for the Department's review to assure that this information is accurate. A.I.M. has been unable to review such data, otherwise we would have attached the supporting data to these comments for the Department's review.

A.I.M. appreciates your attention to this matter and we look forward to working with the Department on this issue and others regarding the unbundling of the natural gas industry.

RESPECTFULLY SUBMITTED

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1. A.I.M. requested that Counsel supply this information so that it could be reviewed to determine how many customers in the Boston Gas service territory would be affected. We were told that the data was not readily available but it was confirmed by Counsel, on Thursday, January 27, that a 7000 therm threshold is the correct threshold number for smaller customers of Boston Gas.